

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <u>Indianfields Township</u>		County <u>Tuscola</u>
Audit Date <u>3/31/05</u>	Opinion Date <u>5/26/05</u>	Date Accountant Report Submitted to State: <u>9/26/05</u>		

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Reports on individual federal financial assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name) <u>Anderson, Tuckey, Bernhard, &amp; Doran P.C.</u>			
Street Address <u>715 E. Frank Street</u>		City <u>Laro</u>	State <u>MI</u>
Accountant Signature <u>Shaun Anderson</u>		ZIP <u>49723</u>	

**TOWNSHIP OF INDIANFIELDS,  
TUSCOLA COUNTY  
Caro, Michigan**

**REPORT ON FINANCIAL STATEMENTS  
(with additional information)  
Year Ended March 31, 2005**

# **Township of Indianfields, Tuscola County**

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May 20, 2005

**INDEPENDENT AUDITOR'S REPORT**

Township of Indianfields  
Tuscola County  
Caro, Michigan 48723

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Township of Indianfields as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Township of Indianfields management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Management has not presented government-wide financial statements to display the financial position and changes in the financial position of its governmental activities. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the Township of Indianfields governmental activities are not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Indianfields as of March 31, 2005, or changes in its financial position or cash flows where applicable, for the year then ended.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental financial information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements of Indianfields Township. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

## **GENERAL PURPOSE FINANCIAL STATEMENTS**

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**COMBINED BALANCE SHEET -**  
**ALL FUND TYPES & ACCOUNTS GROUPS**  
 March 31, 2005

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPE
	GENERAL	CAPITAL PROJECTS	SPECIAL REVENUE (CEMETERY)	ENTERPRISE (SEWER)
<b><u>ASSETS</u></b>				
Cash on hand & in bank	\$ 173,325		\$ 1,297	\$ 263,954
Certificates of deposit				10,000
Special assessments - current				5,700
Special assessments - deferred				52,921
Taxes receivable	8,720			
Due from other funds	125,068	\$ 10,000	72,290	742
Due from Village of Caro				6,000
Fixed assets				1,053,380
Restricted Assets:				
Replacement & Reserve accounts				65,696
Certificates of deposit				
Investments				
Due from other funds				
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 307,113</u></b>	<b><u>\$ 10,000</u></b>	<b><u>\$ 73,587</u></b>	<b><u>\$ 1,458,393</u></b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>				
Accounts payable			\$ 21,326	\$ 4,621
Due to other funds	\$ 38,026		50,812	
Due to other Governmental units				
Revenue bonds payable - current				12,600
Revenue bonds payable - long-term				112,140
Deferred revenues	62,608			58,621
<b><u>TOTAL LIABILITIES</u></b>	<b><u>100,634</u></b>		<b><u>72,138</u></b>	<b><u>187,982</u></b>
FUND EQUITY:				
Contributed capital				850,863
Contributions from customers				28,955
Reserved for specific purpose				65,696
Undesignated	206,479	\$ 10,000	1,449	324,897
Investment in general fixed assets				
<b><u>TOTAL FUND EQUITY</u></b>	<b><u>206,479</u></b>	<b><u>10,000</u></b>	<b><u>1,449</u></b>	<b><u>1,270,411</u></b>
<b><u>TOTAL LIABILITIES &amp; FUND EQUITY</u></b>	<b><u>\$ 307,113</u></b>	<b><u>\$ 10,000</u></b>	<b><u>\$ 73,587</u></b>	<b><u>\$ 1,458,393</u></b>

The accompanying notes are an integral part of the financial statements

FIDUCIARY FUND TYPE TRUST AND AGENCY	ACCOUNT GROUP GENERAL FIXED ASSETS	TOTALS (MEMORANDUM ONLY)	
		REPORTING ENTITY	
		2005	2004
\$ 82,837		\$ 521,413	\$ 470,114
		10,000	10,000
		5,700	5,700
		52,921	58,621
359,102		367,822	436,822
		208,100	222,661
		6,000	5,548
	\$ 1,202,312	2,255,692	2,273,605
		-	
		65,696	64,298
325,368		325,368	324,861
1,200		1,200	1,200
73,838		73,838	64,742
<u>\$ 842,345</u>	<u>\$ 1,202,312</u>	<u>\$ 3,893,750</u>	<u>\$ 3,938,172</u>
\$ 26		\$ 25,973	\$ 21,257
193,100		281,938	287,403
319,603		319,603	394,119
		12,600	12,600
		112,140	124,740
		121,229	120,840
<u>512,729</u>		<u>873,483</u>	<u>960,959</u>
		850,863	872,632
		28,955	28,955
329,616		395,312	387,876
		542,825	487,449
	\$ 1,202,312	1,202,312	1,200,301
<u>329,616</u>	<u>1,202,312</u>	<u>3,020,267</u>	<u>2,977,213</u>
<u>\$ 842,345</u>	<u>\$ 1,202,312</u>	<u>\$ 3,893,750</u>	<u>\$ 3,938,172</u>

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES -**  
**ALL GOVERNMENTAL FUND TYPES**  
**YEAR ENDED MARCH 31, 2005**

	<u>GENERAL</u>	<u>CEMETERY FUND</u>	<u>CAPITAL PROJECTS</u>
<b>REVENUES:</b>			
Taxes	\$ 317,924		
Intergovernmental revenue	208,810		
Charges for services	12,606	\$ 33,572	
Interest and rents	3,963		
Miscellaneous revenues	4,931	7,694	
	<u>548,234</u>	<u>41,266</u>	
<b>TOTAL REVENUES</b>			
<b>EXPENDITURES:</b>			
Legislative	34,051		
General government	133,872	116,748	
Public safety	46,276		
Public works	159,143		
Recreation & cultural	43,364		
	<u>416,706</u>	<u>116,748</u>	
<b>TOTAL EXPENDITURES</b>			
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	131,528	(75,482)	
<b>OTHER FINANCIAL SOURCES (USES):</b>			
Operating Transfers	(55,000)	45,000	\$ 10,000
Loan Proceeds - net of payments	(4,367)		
	<u>(59,367)</u>	<u>45,000</u>	<u>10,000</u>
<b>TOTAL OTHER FINACIAL SOURCES (USES):</b>	(59,367)	45,000	10,000
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USED)</b>	<u>72,161</u>	<u>(30,482)</u>	<u>10,000</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>134,318</u>	<u>31,931</u>	
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 206,479</u>	<u>\$ 1,449</u>	<u>\$ 10,000</u>

The accompanying notes are an integral part of the financial statements



**TOTAL  
(MEMORANDUM ONLY)**

<u>2005</u>	<u>2004</u>
\$ 317,924	\$ 301,463
208,810	205,361
46,178	45,793
3,963	6,961
<u>12,625</u>	<u>30,247</u>
<u>589,500</u>	<u>589,825</u>
34,051	47,247
250,620	265,697
46,276	37,034
159,143	153,900
<u>43,364</u>	<u>64,206</u>
<u>533,454</u>	<u>568,084</u>
56,046	21,741
-	-
<u>(4,367)</u>	<u>10,894</u>
(14,367)	10,894
<u>51,679</u>	<u>32,635</u>
<u>166,249</u>	<u>133,614</u>
<u>\$ 217,928</u>	<u>\$ 166,249</u>

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**GENERAL AND SPECIAL REVENUE FUND TYPES**  
**YEAR ENDED MARCH 31, 2005**

	<b>GENERAL FUND</b>		
	<b>BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE - FAVORABLE (UNFAVORABLE)</b>
<b>REVENUES:</b>			
Taxes	\$ 352,892	\$ 317,924	\$ (34,968)
Intergovernmental revenue	204,562	208,810	4,248
Charges for services	11,250	12,606	1,356
Interest and rents	4,400	3,963	(437)
Miscellaneous revenue	3,100	4,931	1,831
<b>TOTAL REVENUES</b>	<b>576,204</b>	<b>548,234</b>	<b>(27,970)</b>
<b>EXPENDITURES:</b>			
Legislative	26,069	34,051	(7,982)
General government	134,981	133,872	1,109
Public safety	50,569	46,276	4,293
Public works	197,102	159,143	37,959
Recreation & cultural	62,350	43,364	18,986
<b>TOTAL EXPENDITURES</b>	<b>471,071</b>	<b>416,706</b>	<b>54,365</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>105,133</b>	<b>131,528</b>	<b>26,395</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers	(65,000)	(55,000)	10,000
Loan payments	-	(4,367)	(4,367)
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>(65,000)</b>	<b>(59,367)</b>	<b>5,633</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES &amp; OTHER FINANCING SOURCES (USES)</b>	<b>40,133</b>	<b>72,161</b>	<b>32,028</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>134,318</b>	<b>134,318</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 174,451</b>	<b>\$ 206,479</b>	<b>\$ 32,028</b>

The accompanying notes are an integral part of the financial statements

CEMETERY FUND		
BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
\$ 35,000	\$ 33,572	\$ (1,428)
10,030	7,694	(2,336)
45,030	41,266	(3,764)
110,030	116,748	(6,718)
110,030	116,748	(6,718)
(65,000)	(75,482)	(10,482)
65,000	45,000	(20,000)
65,000	45,000	(20,000)
-	(30,482)	(30,482)
31,931	31,931	-
\$ 31,931	\$ 1,449	\$ (30,482)

TOTALS (MEMORANDUM ONLY)		
BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
\$ 352,892	\$ 317,924	\$ (34,968)
204,562	208,810	4,248
46,250	46,178	(72)
4,400	3,963	(437)
13,130	12,625	(505)
621,234	589,500	(31,734)
26,069	34,051	(7,982)
245,011	250,620	(5,609)
50,569	46,276	4,293
197,102	159,143	37,959
62,350	43,364	18,986
581,101	533,454	47,647
40,133	56,046	15,913
-	(10,000)	(10,000)
-	(4,367)	(4,367)
-	(14,367)	(14,367)
40,133	46,046	5,913
166,249	166,249	-
\$ 206,382	\$ 212,295	\$ 5,913

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN RETAINED EARNINGS/FUND BALANCE**  
**ALL PROPRIETARY FUND TYPES AND**  
**NONEXPENDABLE TRUST FUND**  
**YEAR ENDED MARCH 31, 2005**

	<u>PROPRIETARY FUND TYPE</u>	<u>FIDUCIARY FUND TYPE</u>
	<u>SEWER FUND</u>	<u>PERPETUAL CARE FUND</u>
OPERATING REVENUE:		
Charges for services	\$ 35,166	
Sale of cemetery lots		\$ 6,038
Special assessments	<u>5,700</u>	
TOTAL OPERATING REVENUE	40,866	6,038
OPERATING AND MAINTENANCE EXPENSE	<u>45,989</u>	
OPERATING INCOME (LOSS)	(5,123)	6,038
NON-OPERATING REVENUE:		
Interest earned	<u>10,219</u>	<u>-</u>
NET INCOME	5,096	6,038
RETAINED EARNINGS/FUND BALANCE - BEGINNING OF YEAR	385,497	323,578
RETAINED EARNINGS/FUND BALANCE - END OF YEAR	<u>\$ 390,593</u>	<u>\$ 329,616</u>

The accompanying notes are an integral part of the financial statements

**TOTALS**  
**(MEMORANDUM ONLY)**

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<b>REPORTING ENTITY</b>			
<b>2005</b>		<b>2004</b>	
<hr/>		<hr/>	
\$	35,166	\$	36,283
	6,038		4,262
	5,700		5,700
<hr/>		<hr/>	
	46,904		46,245
	45,989		35,097
<hr/>		<hr/>	
	915		11,148
	10,219		9,429
<hr/>		<hr/>	
	11,134		20,577
	709,075		688,499
<hr/>		<hr/>	
<u>\$</u>	<u>720,209</u>	<u>\$</u>	<u>709,076</u>

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**COMBINED STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUND**  
**YEAR ENDED MARCH 31, 2005**

	<u>SEWER FUND</u>	<u>PERPETUAL CARE FUND</u>	<u>TOTALS (MEMORANDUM ONLY) YEAR ENDED MARCH 31,</u>	
			<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 42,988	\$ 507	\$ 43,495	\$ 46,477
Cash paid to suppliers	(41,038)		(41,038)	(30,146)
Interest received	10,219		10,219	9,429
Interest paid	(4,951)		(4,951)	(4,951)
NET CASH PROVIDED (USED IN) BY OPERATING ACTIVITIES	<u>7,218</u>	<u>507</u>	<u>7,725</u>	<u>20,809</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Increase (decrease) in bond payable	(12,600)		(12,600)	(15,750)
NET CASH PROVIDED (USED IN) BY FINANCING ACTIVITIES	<u>(12,600)</u>	<u></u>	<u>(12,600)</u>	<u>(15,750)</u>
INCREASE (DECREASE) IN CASH	(5,382)	507	(4,875)	5,059
CASH AT BEGINNING OF THE YEAR	<u>345,033</u>	<u>326,061</u>	<u>671,094</u>	<u>666,035</u>
CASH AT END OF YEAR	<u>\$ 339,651</u>	<u>\$ 326,568</u>	<u>\$ 666,219</u>	<u>\$ 671,094</u>

The accompanying notes are an integral part of the financial statements

**RECONCILIATION OF NET INCOME TO NET CASH FLOWS  
PROVIDED BY (USED) IN OPERATING ACTIVITIES**

	<b>SEWER FUND</b>	<b>PERPETUAL CARE FUND</b>	<b>TOTALS (MEMORANDUM ONLY)</b>	
			<b>YEAR ENDED MARCH 31, 2005</b>	<b>2004</b>
<b>NET INCOME</b>	<u>\$ 5,096</u>	<u>\$ 6,038</u>	<u>\$ 11,134</u>	<u>\$ 20,577</u>
<b>ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH:</b>				
Depreciation & Amortization	6,972		6,972	6,972
(Increase) Decrease:				
Due from village	(2,601)		(2,601)	(2,149)
Special assess. & sewer connection receivable	11,400		11,400	5,700
Due from other funds	(343)	(9,096)	(9,439)	(8,377)
Bond discount	238		238	238
Increase (Decrease):				
Accounts payable	(3,418)		(3,418)	(3,418)
Deferred revenue	(10,126)		(10,126)	(5,700)
Due to other funds	-	3,565	3,565	6,966
<b>Total adjustments</b>	<b>2,122</b>	<b>(5,531)</b>	<b>(3,409)</b>	<b>232</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><u>\$ 7,218</u></u>	<u><u>\$ 507</u></u>	<u><u>\$ 7,725</u></u>	<u><u>\$ 20,809</u></u>

Disclosure of Accounting Policy: For purposes of reporting cash flows, cash and cash equivalents includes cash on hand, demand deposits in banks and balances of certificates of deposit.

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**DESCRIPTION OF TOWNSHIP OPERATIONS AND FUND TYPES:**

The Township of Indianfields, Michigan was organized in 1852 and covers an area of approximately 36 square miles within Tuscola County. The Township operates under an elected Board of Trustees (5 members) and provides services to its more than 7,000 residents in many areas including law enforcement, administration of justice, community enrichment and development and human services.

The financial statements of the Township of Indianfields have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**REPORTING ENTITY:**

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP, currently GASB Statement #14, the Financial Reporting Entity.

Based upon the application of these criteria, the general purpose financial statements of the Township of Indianfields contain all the funds and account groups controlled by the Township Board of Trustees as no other entity meets the criteria to be considered a blended component unit or a discretely presented component of the Township nor is the Township a component unit of another entity.

**FUND ACCOUNTING:**

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital project funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government.



**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**BASIS OF ACCOUNTING:**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

All proprietary funds and nonexpendable trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Fund equity (i.e. net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increased (i.e. revenues) and decreases (i.e. expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used to revenue recognition for all other governmental fund revenues susceptible to accrual. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Those revenues susceptible to accrual are property taxes, federal and state grants, special assessments, licenses, interest revenue and charges for services. Fines, permits and sales tax and other state revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The accrual basis of accounting is utilized by proprietary fund types and nonexpendable trust funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The government reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

**BUDGETS AND BUDGETARY ACCOUNTING:**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year-end.

Encumbrances represent commitments related to unperformed contracts for goods or services. The Township does not utilize encumbrance accounting.

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**CASH AND INVESTMENTS:**

Cash includes amounts in petty cash and demand deposits. Investments included instruments allowed by state statute subsequently described. Investments are carried at amortized cost or fair value. The Township's deposits and investments are in accordance with statutory authority.

State statutes authorize the Township to invest in bonds, securities, and other direct and certain indirect obligations of the U.S. Treasury, which include securities issued or guaranteed by the Government National Mortgage Association; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase and not totaling more than 50% of any fund at any time. The Township is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

**SHORT-TERM INTERFUND RECEIVABLES/PAYABLES:**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

**RECEIVABLES:**

Receivables consist primarily of amounts for taxes and customer charges. No allowance for doubtful accounts is considered necessary and credit risk is minimal because of the large number of customers and the authority of the Township to add receivables to the tax rolls which are secured by the underlying property.

**RESTRICTED ASSETS:**

Certain proceeds of enterprise fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants and Michigan law.

**FIXED ASSETS:**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Fixed assets purchased within the proprietary funds and the non-expendable trust fund are reported as assets within those funds and accordingly, are included on their balance sheet.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government. Primarily because of this policy, total expenditures for capital improvements in the governmental funds do not equal total additions to the general fixed asset account group.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed over the estimated useful lives using the straight-line method.

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**LONG-TERM OBLIGATIONS:**

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Contributed capital currently exists only in the enterprise funds. This capital has been used along with other township resources to purchase or construct the water and sewer systems currently in use within the Township. In order to more accurately reflect the equity remaining in these contributions, the contributions are being amortized over the useful life of the assets they aided in constructing or purchasing.

**INTERFUND TRANSACTIONS:**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-reoccurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**MEMORANDUM ONLY - TOTAL COLUMNS:**

The total columns on the combined statements are captioned memorandum only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data. Prior year memorandum total amounts have been updated for comparative purposes.

**COMPARATIVE DATA:**

Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Township's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to understand.

**DEFERRED REVENUE:**

The General Fund collects a special assessment levy for refuse collection. The levy covers a period from December 1 through November 30. That portion of the levy applicable to the period from April 1 through November 30 is recorded as deferred revenue.

The Sewer Fund assessed several parcels of property for the cost of sewer line construction and connections to be repaid over a period not to exceed fifteen years. The portion of the assessments not due within twelve months is recorded as deferred revenue.

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**ESTIMATES:**

The preparation of financial statements in conformity with the U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 - TUSCOLA COUNTY SANITARY SEWER SYSTEM:**

On May 8, 1984 the Township entered into a contract with the Village of Caro and Almer Township for the acquisition, improvement, enlargement and extension of the local sanitary sewer system. The 20% local share of construction costs has been financed by the issuance of County Revenue Bonds. Indianfields Township's portion of the local share is \$333,000. The bonds were refinanced in 1992 and again in October, 2002.

During 2002, Tuscola County advance refunded its outstanding Tuscola County Sanitary Sewer System (Caro Area) Bonds, dated May 1, 1992. The County issued \$1,240,000 general obligation refunding bonds to provide resources to purchase U.S. Government securities that were placed in irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the general long-term debt account group. This advance refunding was undertaken to reduce total debt service payments over the next ten years by \$222,866 and obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$65,140. The Township's share of this bond is 12.6%.

The Township expects to repay its share plus interest, as well as operate and maintain the system, by charging an initial connection fee and monthly fees to users of the system.

**ANNUAL REQUIREMENTS TO AMORTIZE LONG-TERM DEBT**

	<b>(PRINCIPAL ONLY)</b>		
	<b><u>Year Ending March 31,</u></b>		
	<b><u>PRINCIPAL</u></b>	<b><u>INTEREST</u></b>	<b><u>TOTAL</u></b>
2006	\$ 12,600	\$ 4,002	\$ 16,602
2007	14,490	3,687	18,177
2008	17,010	3,253	20,263
2009	16,380	2,742	19,122
2010	16,380	2,235	18,615
2011	15,750	1,694	17,444
2012	15,120	1,159	16,279
2013	17,010	629	17,639
<b>TOTAL</b>	<b><u>\$124,740</u></b>	<b><u>\$19,401</u></b>	<b><u>\$144,141</u></b>

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2005**

**NOTE 3 - CHANGES IN GENERAL FIXED ASSETS:**

A summary of changes in general fixed assets follows:

	<b>BALANCE MARCH 31, 2004</b>	<b><u>ADDITIONS</u></b>	<b><u>REDUCTIONS</u></b>	<b>BALANCE MARCH 31, 2005</b>
GENERAL GOVERNMENT:				
Legislative	\$ 32,254			\$ 32,254
Office	40,738	\$ 2,995	\$ 1,500	42,233
Elections	39,792			39,792
Township Hall	26,648			26,648
Recreation	263,272	1,316	800	263,788
Cemetery	<u>797,597</u>			<u>797,597</u>
<b>TOTAL GENERAL FIXED ASSETS</b>	<b><u>\$1,200,301</u></b>	<b><u>\$ 4,311</u></b>	<b><u>\$ 2,300</u></b>	<b><u>\$1,202,312</u></b>

**NOTE 4 - CASH AND INVESTMENTS:**

Cash and investments are held separately by each of the Township's funds.

**DEPOSITS:**

At year-end, the carrying amount of the Township's deposits was \$923,677 and the bank balance was \$932,804, \$572,808 of which was covered by federal depository insurance. The Township has \$100 of petty cash on hand.

**INVESTMENTS:**

The Township's investments are categorized to give an indication of the level of risk assumed by the Township at year-end. Category 1 includes investments that are insured or registered, or securities held by the Township's or the Township's agent in the Township's name. Category 2 includes investments that are uninsured and unregistered, with securities held by the counter-part's trust department or its agent in the Township's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the Township's name. At March 31, 2005, the Township had no Category 2 or 3 investments.

The Township's cash, cash equivalents, investments and restricted assets at March 31, 2005 are composed of the following:

	<b>CASH AND CASH EQUIVALENTS</b>	<b><u>INVESTMENTS</u></b>	<b>RESTRICTED ASSETS</b>
General Fund:			
Deposits	\$173,326		
Other Funds:			
Deposits	<u>348,087</u>	<u>NONE</u>	<u>\$402,264</u>
<b>TOTAL</b>	<b><u>\$521,413</u></b>	<b><u>NONE</u></b>	<b><u>\$402,264</u></b>

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2005**

**NOTE 5 - FIXED ASSETS:**

Summaries of proprietary fund type fixed assets which are stated at cost as of March 31, 2005 are as follows:

Sewer Lines	\$ 453,397
Building & equipment	1,061,241
Loan closing costs	10,294
Bond discount	<u>1,386</u>
	1,526,318
Less accumulated depreciation & amortization	<u>472,938</u>
<b>TOTAL</b>	<b><u>\$1,053,380</u></b>

Depreciation is calculated using the straight-line method over a 50-year life. Depreciation expense for the year ended March 31, 2005 amounted to \$28,013. Depreciation expense of \$6,244 charged to operations was based on the Township's percentage contribution to the total cost of the project. The remaining depreciation expense of \$21,769 was charged against contributed capital.

**NOTE 6 - PENSION PLAN:**

**DEFINED BENEFIT PLAN:**

On March 21, 1994, the Township of Indianfields elected to place all of its eligible employees into the Michigan Municipal Employees Retirement System (MERS) which is an agent multiple-employer public employee retirement system (PERS) that is administered by the state of Michigan. The MERS was organized pursuant to Act No. 427, Public Acts of 1984, as amended, and the Constitution of the state of Michigan. The Township has no fiduciary responsibility for the plan.

Only the Township's full-time employees and elected officials are eligible to participate in the plan. As of March 31, 2005, the Township had eight employees who were covered under the plan.

The plan provides for vesting of benefits after six years of credited service. Participants may elect normal retirement at age 60 with 10 or more years of service. The plan also provides for early retirement at age 55 with 15 or more years of service, and at age 50 with 25 or more years of service. Election of early retirement is subject to reduction of benefits as outlined below.

Participants of the plan are entitled to a retirement benefit equal to the credited service at the time of membership termination multiplied by 1.5% of the member's final average compensation (5-year average). The retirement allowance is reduced ½% of 1% for each complete month that retirement precedes the age at which full normal retirement benefits are available. The plan provides that the employer contribute amounts necessary to fund the actuarially determined benefits. The Township makes employer contributions in accordance with funding requirements determined by MERS' actuary. The MERS' actuary uses the entry age normal actuarial cost method. Benefit provisions and contribution obligations have been established by the contract.

**PENSION BENEFIT OBLIGATION:**

The Pension Benefit Obligation (PBO) which is the actuarial present value of pension benefits, adjusted for the effect of projected salary increases and any step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess, on a going-concern basis, the funding status of the PERS to which contributions are made, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The pension benefit obligation is determined as part of an actuarial valuation.

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2005**

**NOTE 6 - PENSION PLAN, (Continued):**

**PENSION BENEFIT OBLIGATION, Continued:**

The significant actuarial assumptions that are expected to be used to compute the actuarial accrued liabilities are as follows: (1) the entry age normal actuarial cost method of valuation was used in determining age and service benefit liabilities and normal cost; (2) an 8% rate of return on investment of present and future assets was used based on estimated long-term yield considering a) the nature and mix of current and expected investments; and b) the basis used to value those assets; (3) projected salary increases are based on 4.5% raises for merit, seniority and inflation rate allowances. Benefits will not increase after retirement except that some participants will receive cost of living allowances. Unfunded accrued liabilities are amortized over 30 years for positive and 10 years for negative balances.

The book value of net assets was \$50,892 as of March 31, 2005. The actuarial accrued liabilities at March 31, 2005 were unavailable. The information regarding market value of net assets was not available. Information about the types of securities that comprise the assets was not available at March 31, 2005. MERS had no loans outstanding to the Township at March 31, 2005.

**CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE:**

<b><u>COMPUTED EMPLOYER COMPARATIVE SCHEDULE</u></b>				
<b><u>FISCAL YEAR MARCH 31,</u></b>	<b><u>CONTRIBUTION RATES AS PERCENT OF COVERED PAYROLL</u></b>	<b><u>COVERED PAYROLL</u></b>	<b><u>DOLLAR CONTRIBUTION FOR FISCAL YEAR</u></b>	
			<b><u>COMPUTED</u></b>	<b><u>ACTUAL</u></b>
2005	2.5%	\$162,098	\$4,053	\$7,704

**HISTORICAL TREND INFORMATION**

Historical trend information is not available.

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2005**

**NOTE 7 - LEGAL COMPLIANCE - BUDGETS:**

The Township follows these procedures in establishing the budgetary data reflected in the financial statements.

1. On or prior to March 31 of each year, a proposed budget is submitted to the Board of Trustees for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted through passage of a resolution.
4. Any revisions of the budget must be approved by the Board of Trustees.
5. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds.
6. Budgets for general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Board of Trustees during the fiscal year. Individual amendments were not material in relation to the original appropriations which were amended.
7. The budget is prepared by fund and function and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Expenditures may not exceed budget at the function level.

**NOTE 8 - DUE TO AND FROM OTHER FUNDS:**

Due to and from other funds balances at March 31, 2005 are as follows:

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
Governmental Fund Types:		
General Fund	\$125,068	\$ 38,026
Capital Projects Fund	10,000	
Enterprise Fund:		
Sewer fund	742	
Trust and agency:		
Current Tax Collection Fund		122,310
Perpetual Care Fund	73,838	70,790
Cemetery Fund	<u>72,290</u>	<u>50,812</u>
TOTAL	<u>\$281,938</u>	<u>\$281,938</u>

**NOTE 9 - CONTRIBUTED CAPITAL:**

Contributed capital currently exists only in the enterprise funds. This capital has been used along with other township resources to purchase or construct the water and sewer systems currently in use or still in construction within the Township. In order to more accurately reflect the equity remaining in these contributions, certain contributions are being amortized to retained earnings over 50 years. Amortization expense for the year totaled \$769.



**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2005**

**NOTE 10 - PROPERTY TAX REVENUE:**

Property taxes become an enforceable lien on the property as of December 1. Taxes are levied on December 1 and are due in February of the following year. The Township bills and collects its own property taxes and also taxes for the county, intermediate school district, state education fund and school districts. All tax collections are accounted for in the tax collection fund, an agency fund. Township tax revenues are recognized in the fiscal year that includes the December 1 levy date. The Township levied 2.6203 mills on a taxable value of \$117,064,812.

**NOTE 11 - RISK MANAGEMENT:**

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Township carries commercial insurance to cover any losses that may result from the above-described activities. The Township did not have any losses in the three prior fiscal years.

**NOTE 12- TRANSFERS:**

The general fund transferred \$10,000 to the capital projects fund and \$45,000 to the cemetery fund during the current fiscal year.

**NOTE 13 – GASB 34:**

The Township chose not to adopt GASB 34, which is required by Generally Accepted Accounting Principals (GAAP). This departure from GAAP is also noted in the audit report letter.

**NOTE 14 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN  
BUDGETARY FUNDS:**

P.A. 621 of 1978, section 18 (1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

During the year ended March 31, 2005 the township incurred expenditures in certain budgetary accounts, where the actual expenditures exceeded the appropriations as follows:

<u>LINE ITEMS</u>	<u>TOTAL APPROPRIATION</u>	<u>TOTAL EXPENDITURES</u>	<u>UNFAVORABLE BUDGET VARIANCE</u>
General Fund – Legislative	\$ 26,069	\$ 34,051	\$7,982
Cemetery Fund – General Government	\$110,030	\$116,748	\$6,718

## **FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS**

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED MARCH 31, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES:</b>			
Taxes:			
Current property tax	\$ 281,968	\$ 283,873	\$ 1,905
Tax collection fees	69,824	32,780	(37,044)
Trailer fees	1,100	1,271	171
Total Taxes	<u>352,892</u>	<u>317,924</u>	<u>(34,968)</u>
Intergovernmental Revenue:			
State shared revenue	197,000	201,248	4,248
State shared revenue - metro	7,562	7,562	-
Total Intergovernmental Revenues	<u>204,562</u>	<u>208,810</u>	<u>4,248</u>
Charges For Services			
Land division fees	5,050	3,935	(1,115)
Permits	-	-	-
Fire calls	5,500	8,015	2,515
State fire protection	700	656	(44)
Total Charges for Services	<u>11,250</u>	<u>12,606</u>	<u>1,356</u>
Interest and Rents			
Rental income	1,000	650	(350)
Interest income	3,400	3,313	(87)
Total Interest and Rents	<u>4,400</u>	<u>3,963</u>	<u>(437)</u>
Miscellaneous Revenues:			
Other	3,100	4,931	1,831
<b>TOTAL REVENUES</b>	<u><u>\$ 576,204</u></u>	<u><u>\$ 548,234</u></u>	<u><u>\$ (27,970)</u></u>

See the accompanying notes.

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED MARCH 31, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
<b>EXPENDITURES:</b>			
Legislative:			
Salaries - board	\$ 12,982	\$ 20,967	\$ (7,985)
Salaries - clerical	10,587	10,203	384
Memberships & dues	2,500	2,242	258
Capital outlay	-	234	(234)
Blight enforcement officer	-	405	(405)
Total Legislative	<u>26,069</u>	<u>34,051</u>	<u>(7,982)</u>
General Government:			
Executive:			
Salaries - supervisor	10,000	11,387	(1,387)
Assessor-contracted services	24,411	20,343	4,068
Office supplies	-	168	(168)
Professional services	14,700	8,095	6,605
Travel	500	-	500
Total Executive	<u>49,611</u>	<u>39,993</u>	<u>9,618</u>
Elections:			
Office supplies	1,000	720	280
Election fees and equipment	8,000	9,274	(1,274)
Total Elections	<u>9,000</u>	<u>9,994</u>	<u>(994)</u>
Clerk:			
Salaries - clerk	16,638	16,638	-
Office supplies	-	231	(231)
Salaries - Deputy clerk	2,122	3,204	(1,082)
Equipment	100	10	90
Total Clerk	<u>18,860</u>	<u>20,083</u>	<u>(1,223)</u>

(Continued)

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED MARCH 31, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
<b>EXPENDITURES, (Continued):</b>			
Treasurer:			
Salaries - treasurer	\$ 16,638	\$ 16,638	\$ -
Office supplies	-	402	(402)
Tax roll preparation	7,400	8,419	(1,019)
Salaries - deputy	2,122	1,414	708
Dues	50	-	50
	<u>26,210</u>	<u>26,873</u>	<u>(663)</u>
Total Treasurer			
Board of Review:			
Salaries	2,500	2,938	(438)
Travel	-	-	-
	<u>2,500</u>	<u>2,938</u>	<u>(438)</u>
Total Board of Review			
Other Expenditures:			
Employer share- FICA	8,000	8,472	(472)
Retirement	6,000	7,704	(1,704)
Life insurance	300	266	34
Hospitalization	-	-	-
Unemployment	1,500	1,153	347
Workers compensation	3,000	2,863	137
Interest Expense	-	451	(451)
Public official bond	-	314	(314)
Liability, property & auto	10,000	12,768	(2,768)
	<u>28,800</u>	<u>33,991</u>	<u>(5,191)</u>
Total Other Expenditures			
Total General Government	<u>134,981</u>	<u>133,872</u>	<u>1,109</u>
Public Safety:			
Fire Department:			
Contracted services	50,569	45,738	4,831
Township Police		538	
Thumb Narcotic Unit	-	-	-
	<u>50,569</u>	<u>46,276</u>	<u>4,293</u>
Total Public Safety			

(Continued)

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED MARCH 31, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
<b>EXPENDITURES, (Continued):</b>			
Public works:			
Sanitation:			
Contracted services	\$ 109,389	\$ 89,062	\$ 20,327
Street Lighting	2,200	1,966	234
Airport Authority	14,000	10,000	4,000
Metro Act Expenses	7,562	7,562	-
Highways and Streets	58,513	39,762	18,751
Caro Transit	-	-	-
Zoning Board:			
Salaries & fees	13,000	10,791	2,209
Total Zoning Board	13,000	10,791	2,209
<b>Total Public Works</b>	<b>197,102</b>	<b>159,143</b>	<b>37,959</b>
Recreation and Cultural:			
Township Hall:			
Equipment	3,000	3,290	(290)
Telephone	2,200	2,595	(395)
Printing & publishing	2,500	1,827	673
Repairs & supplies	2,000	2,944	(944)
Office supplies	3,000	2,209	791
Postage	4,500	3,329	1,171
Total Township Hall	17,200	16,194	1,006
Parks & Recreation:			
Salaries	20,000	18,108	1,892
Operating supplies	3,000	2,289	711
Equipment & land improvements	9,800	3,444	6,356
Repairs & maintenance supplies	500	426	74
Equipment repairs	7,000	-	7,000
Utilities	1,700	1,197	503
Building repairs	2,000	561	1,439
Vehicle repairs	-	272	(272)
Office supplies	150	133	17
Telephone	1,000	740	260
Printing	-	-	-
<b>Total Parks &amp; Recreation</b>	<b>45,150</b>	<b>27,170</b>	<b>17,980</b>

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED MARCH 31, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES, (Continued):			
Total Recreation and Cultural	\$ 62,350	\$ 43,364	\$ 18,986
TOTAL EXPENDITURES	471,071	416,706	54,365
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>105,133</u>	<u>131,528</u>	<u>26,395</u>
OTHER FINANCING SOURCES (USES)			
Loan Payments	-	(4,367)	(4,367)
Operating transfers - out	<u>(65,000)</u>	<u>(55,000)</u>	<u>10,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(65,000)</u>	<u>(59,367)</u>	<u>5,633</u>
EXCESS OF REVENUES AND OTHER EXPENDITURES	<u>40,133</u>	<u>72,161</u>	<u>32,028</u>
FUND BALANCE - BEGINNING OF YEAR	<u>134,318</u>	<u>134,318</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 174,451</u></u>	<u><u>\$ 206,479</u></u>	<u><u>\$ 32,028</u></u>

See the accompanying notes.

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**CEMETERY FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED MARCH 31, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES:</b>			
Charges for Services:			
Cremation openings	\$ 2,500	\$ 2,300	\$ (200)
Foundations	2,000	1,812	(188)
Grave openings	29,000	28,400	(600)
Lot upkeep	1,500	1,060	(440)
Total Charges for Services	<u>35,000</u>	<u>33,572</u>	<u>(1,428)</u>
Miscellaneous Revenues:			
Interest	4,000	3,565	(435)
Sales - other	5,930	4,075	(1,855)
Donations Received	100	54	(46)
Total Miscellaneous Revenues	<u>10,030</u>	<u>7,694</u>	<u>(2,336)</u>
<b>TOTAL REVENUES</b>	<u>45,030</u>	<u>41,266</u>	<u>(3,764)</u>
<b>EXPENDITURES:</b>			
Salaries & wages	58,000	55,873	2,127
Taxes - F.I.C.A.	5,000	3,536	1,464
Employee benefits	11,900	11,857	43
Office supplies	500	747	(247)
Operating supplies	6,500	6,932	(432)
Taxes - unemployment	1,500	-	1,500
Telephone	1,330	1,252	78
Insurance & bonds	-	2,204	(2,204)
Utilities	4,200	6,266	(2,066)
Land improvements	3,000	9,720	(6,720)
Miscellaneous	1,600	771	829
Capital outlay	1,000	2,311	(1,311)
Repairs & maintenance	9,500	9,331	169
Pension	6,000	5,948	52
<b>TOTAL EXPENDITURES</b>	<u>110,030</u>	<u>116,748</u>	<u>(6,718)</u>

(Continued)



**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**CEMETERY FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED MARCH 31, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
(Continued)			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (65,000)</u>	<u>\$ (75,482)</u>	<u>\$ (10,482)</u>
OTHER FINANCING SOURCES:			
Operating transfers in (out):			
General fund	<u>65,000</u>	<u>45,000</u>	<u>(20,000)</u>
TOTAL OTHER FINANCING SOURCES	<u>65,000</u>	<u>45,000</u>	<u>(20,000)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(30,482)</u>	<u>(30,482)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>31,931</u>	<u>31,931</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 31,931</u></u>	<u><u>\$ 1,449</u></u>	<u><u>\$ (30,482)</u></u>

See the accompanying notes.

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**FIDUCIARY FUND TYPES**  
**COMBINING BALANCE SHEET**  
March 31, 2005

	<u>NONEXPENDABLE TRUST FUND</u>	<u>AGENCY FUND</u>
	<u>PERPETUAL CARE FUND</u>	<u>CURRENT TAX COLLECTION FUND</u>
<b><u>ASSETS</u></b>		
CURRENT ASSETS:		
Cash		\$ 82,837
Taxes receivable	-	359,102
	-	-
<b>TOTAL CURRENT ASSETS</b>	-	441,939
RESTRICTED ASSETS:		
Certificate of deposit	\$ 325,368	
Investment	1,200	
Due from Other Funds	73,838	-
	-	-
<b>TOTAL RESTRICTED ASSETS</b>	400,406	-
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 400,406</u></b>	<b><u>\$ 441,939</u></b>
 <b><u>LIABILITIES AND FUND EQUITY</u></b>		
CURRENT LIABILITIES:		
Accounts Payable		\$ 26
Due to general fund		108,023
Due to cemetery fund	\$ 70,790	
Due to library		19,704
Due to county		111,589
Due to schools		175,561
Due to sewer fund		742
Due to refuse fund		13,545
Due to Caro Transit Authority		12,749
	-	-
<b>TOTAL CURRENT LIABILITIES</b>	70,790	441,939
FUND EQUITY:		
FUND BALANCE		
Reserved for specific purpose	\$ 329,616	-
	-	-
<b><u>TOTAL LIABILITIES &amp; FUND EQUITY</u></b>	<b><u>\$ 400,406</u></b>	<b><u>\$ 441,939</u></b>

See the accompanying notes.

TOTALS	
MARCH 31,	
2005	2004
\$ 82,837	\$ 107,734
359,102	436,822
441,939	544,556
325,368	324,861
1,200	1,200
73,838	64,742
400,406	390,803
<u>\$ 842,345</u>	<u>\$ 935,359</u>

\$ 26	
108,023	\$ 113,348
70,790	67,225
19,704	24,492
111,589	139,315
175,561	214,008
742	539
13,545	36,550
12,749	16,304
512,729	611,781
329,616	323,578
<u>\$ 842,345</u>	<u>\$ 935,359</u>

**TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY**  
**CURRENT TAX COLLECTION FUND**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**March 31, 2005**

	<u>BALANCE APRIL 1, 2004</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE MARCH 31, 2005</u>
<b><u>ASSETS:</u></b>				
Cash	\$ 107,734		\$ 24,897	\$ 82,837
Taxes - receivable	436,822	\$ 3,275,901	3,353,621	359,102
<b>TOTAL ASSETS</b>	<b><u>\$ 544,556</u></b>	<b><u>\$ 3,275,901</u></b>	<b><u>\$ 3,378,518</u></b>	<b><u>\$ 441,939</u></b>
 <b><u>LIABILITIES:</u></b>				
Amounts payable			\$ 26	\$ 26
Due to general fund	\$ 113,348	\$ 156,187	150,862	108,023
Due to library	24,492	180,857	176,069	19,704
Due to county	139,315	1,048,642	1,020,916	111,589
Due to schools	214,008	1,667,278	1,628,831	175,561
Due to sewer fund	539	12,009	12,212	742
Due to Caro Transit Authority	16,304	196,628	193,073	12,749
Due to Refuse Fund	36,550	116,917	93,912	13,545
<b>TOTAL LIABILITIES</b>	<b><u>\$ 544,556</u></b>	<b><u>\$ 3,378,518</u></b>	<b><u>\$ 3,275,901</u></b>	<b><u>\$ 441,939</u></b>

Note: This report does not include the State Education Tax collected during the summer of 2003

See the accompanying notes.

# ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants



Gary R. Anderson, CPA  
Jerry J. Bernhardt, CPA  
Thomas B. Doran, CPA

Robert L. Tuckey, CPA  
Valerie Jamieson Hartel, CPA  
Jamie L. Peasley, CPA

May 20, 2005

To the Board of Trustees  
Indianfield Township, Tuscola County, Michigan  
Caro, Michigan 48723

The following comments related to situations brought to our attention during the course of our recent audit of the general purpose financial statements of Indianfield Township, Tuscola County, Michigan for the year ended March 31, 2005 and are submitted for your evaluation and consideration. We would like to emphasize that our audit was conducted for the purpose of expressing an opinion on the aforementioned financial statements, therefore, the following comments are not necessarily all-inclusive.

## **BUDGETING**

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. Expenditures should be compared with the budget on a monthly basis and the budget should be adjusted, if needed, before an expenditure is made in excess of a budgeted amount.

Presently, the Township prepares an annual budget of revenues and expenditures for the General and Cemetery Funds that meets the State of Michigan Budget Act requirements. One of the purposes of preparing an annual budget is to use the budget as a management control device in order to control expenditures. However, there is a couple of areas that were under budgeted and need to be monitored a little closer.

## **CHECKING**

Currently, the township maintains one checking account for two funds, the General and Cemetery Funds. We recommend that two separate checking accounts be maintained for these funds for the purpose that it will be easier to see when transfers need to be made between the funds. Also, it would make it easier to see the amount of money on hand in each fund on any particular day.

We would like to take this opportunity to thank the Township Board for the opportunity of serving the Township through the audit of the Township's financial statements for the year ended March 31, 2005.

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS